



Michigan Bankers Association

507 S. Grand Ave.
Lansing, MI 48933
www.mibankers.com

517-485-3600
Fax 517-485-3672

February 5, 2010

The Honorable Rebekah Warren
PO Box 30014
Lansing, MI 48909

Re: HB 5640

The Michigan Bankers Association appreciates the opportunity to comment on your bill HB 5640 which creates the "Property Assessed Clean Energy Act (PACE)."

This legislation, if enacted, would allow local governments to make loans to its residential and commercial residents for the purposes of energy efficiency improvements or installation of renewable energy systems. While that may be a laudable goal, we remain concerned with the process of the repayment of the loans by the residents. As I understand it, the repayment of the loan would be through property tax assessments and would be collected in the same manner as other property tax and assessment liens.

This would mean that the PACE lien would hold priority status over 1st mortgage holders. As real estate values plummet and mortgage investors have been temporarily replaced by the federal treasury, changes to remove the mortgage holder from priority position in the lien hierarchy will prove to be destructive to a Michigan economy in doubt. This is unprecedented and therefore we cannot support the bill.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joelle Demand', is written over a horizontal line.

Joelle Demand
Policy Director

CC: Members of the Great Lakes and the Environment Committee

